

AMENDED IN ASSEMBLY APRIL 24, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 218

Introduced by Assembly Member Dutra

(Coauthors: Assembly Members Bates, Calderon, Chan, Diaz, Havice, Negrete McLeod, Robert Pacheco, Rod Pacheco, Salinas, Simitian, Steinberg, and Washington)

(Coauthors: Senators Alarcon, Costa, Figueroa, McPherson, and Murray)

February 9, 2001

An act to amend Section 218 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 218, as amended, Dutra. Taxation: homeowners' property tax exemption: homebuyer's assistance.

Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' exemption in the amount of \$7,000 of the full value of a "dwelling," as defined. The California Constitution authorizes the Legislature to increase the amount of the exemption.

This bill would, pursuant to the Legislature's authority under the California Constitution, increase the amount of this exemption by \$43,000 for each of the first 5 property tax lien dates following the purchase of a "dwelling" by a qualified first-time homebuyer, as defined. By requiring local tax officials to implement new exemption

amounts and new exemption criteria, *and by creating a new crime of perjury with respect to those criteria*, this bill would impose a state-mandated local program.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act.

This bill would also require the State Board of Equalization, *the Controller*, and the California Research Bureau to report to the Legislature, as provided, with respect to the increased homeowners' exemption established by this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide, *with respect to certain provisions of this bill, that no reimbursement is required for a specified reason*. This bill would also provide that, if the Commission on State Mandates determines that *other provisions* of the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to ~~these~~ *current* statutory provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 218 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 218. (a) (1) The homeowners' property tax exemption is in
- 4 the amount of the assessed value of the dwelling specified in this
- 5 section, as authorized by subdivision (k) of Section 3 of Article
- 6 XIII of the California Constitution. That exemption is, except as
- 7 otherwise provided in paragraph (2), in the amount of seven
- 8 thousand dollars (\$7,000) of the full value of the dwelling.



(2) If the assessee for a dwelling is a qualified first-time homebuyer, the exemption amount specified in paragraph (1) is increased by an additional forty-three thousand dollars (\$43,000) of the full value of that dwelling for each of the first five property tax lien dates following the purchase of the dwelling by that qualified first-time homebuyer. For purposes of this paragraph, “qualified first-time homebuyer” means a taxpayer who purchases, *or taxpayers who purchase*, a dwelling after January 1, 2001 2002, and before December 31, 2006 2007, who, at the time of his or her purchase of the dwelling, met both of the following requirements:

(A) The taxpayer had an annual income not in excess of 150 percent of the median income of the county in which the dwelling is located, *or in the case where more than one taxpayer owns the home, the taxpayers’ annual combined income did not exceed 150 percent of the median household income of the county in which the dwelling is located.* A taxpayer, *or taxpayers*, shall comply with this subparagraph by providing the county assessor with a copy of the taxpayer’s personal income tax return, ~~for the taxable year during which the taxpayer purchased the dwelling~~, that shows an annual income level in compliance with this subparagraph.

(B) During the three years prior to the purchase of the dwelling for which an exemption under this paragraph is sought, ~~the person taxpayer, or taxpayers~~, at no time had a present ownership interest in residential real property. *The taxpayer or taxpayers shall comply with this subparagraph by providing to the assessor a written statement, under penalty of perjury, that verifies compliance.*

(b) The exemption does not extend to property that is rented, vacant, under construction on the lien date, or that is a vacation or secondary home of the owner or owners, nor does it apply to property on which an owner receives the veteran’s exemption. “Owner” includes a person purchasing the dwelling under a contract of sale or who holds shares or membership in a cooperative housing corporation, the holding of which is a requisite to the exclusive right of occupancy of a dwelling. “Dwelling” means a building, structure or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. As used in this section, “dwelling” includes:

1 (1) A single-family dwelling occupied by an owner thereof as
2 his or her principal place of residence on the lien date.

3 (2) A multiple-dwelling unit occupied by an owner thereof on
4 the lien date as his or her principal place of residence.

5 (3) A condominium occupied by an owner thereof as his or her
6 principal place of residence on the lien date.

7 (4) Premises occupied by the owner of shares or a membership
8 interest in a cooperative housing corporation, as defined in
9 subdivision (i) of Section 61, as his or her principal place of
10 residence on the lien date. Each exemption allowed pursuant to this
11 subdivision shall be deducted from the total assessed valuation of
12 the cooperative housing corporation. The exemption shall be taken
13 into account in apportioning property taxes among owners of share
14 or membership interests in the cooperative housing corporations
15 so as to benefit those owners who qualify for the exemption.

16 For purposes of this section a two-dwelling unit shall be
17 considered as two separate single-family dwellings.

18 (c) Any dwelling that qualified for an exemption under this
19 section prior to October 20, 1991, that was damaged or destroyed
20 by fire in a disaster, as declared by the Governor, occurring on or
21 after October 20, 1991, and before November 1, 1991, and that has
22 not changed ownership since October 20, 1991, is not disqualified
23 as a “dwelling” and is not ineligible for an exemption under this
24 section solely on the basis that the dwelling was temporarily
25 damaged or destroyed or was being reconstructed by the owner.

26 (d) The exemption provided for in subdivision (k) of Section
27 3 of Article XIII of the California Constitution shall first be
28 applied to the building, structure or other shelter and the excess,
29 if any, shall be applied to any land on which it may be located.

30 SEC. 2. It is the intent of the Legislature to provide in the
31 annual Budget Act those additional reimbursements to local
32 governments that, as a result of this act, are required by Section 25
33 of Article XIII of the California Constitution.

34 SEC. 3. (a) For each fiscal year for which an increased
35 homeowners’ exemption may be claimed under paragraph (2) of
36 subdivision (a) of Section 218 of the Revenue and Taxation Code,
37 as added by this act, or any successor to that paragraph, the State
38 Board of Equalization shall provide to the revenue and taxation
39 committees and fiscal committees of each house of the Legislature
40 ~~both of the following:~~

1 ~~(1) The~~ the number of exemptions claimed for that fiscal year
2 under paragraph (2) of subdivision (a) of Section 218 of the
3 Revenue and Taxation Code, as added by this act, or any successor
4 to that paragraph.

5 ~~(2) The~~ The Controller shall provide to the revenue and
6 taxation committees and fiscal committees of each house of the
7 Legislature the additional amount of subventions made for that
8 fiscal year under Section 25 of Article XIII of the California
9 Constitution as a result of the exemptions described in paragraph
10 ~~(1) the preceding sentence.~~

11 (b) The California Research Bureau shall, no later than June 30,
12 2003, provide to the revenue and taxation committees and fiscal
13 committees of each house of the Legislature a report describing the
14 effects of the additional homeowners' exemption amount
15 established by this act upon state fiscal affairs and the degree of
16 home ownership in this state.

17 ~~SEC. 4. Notwithstanding Section 17610 of the Government~~
18 ~~Code, if the Commission on State Mandates determines that this~~
19 ~~act contains costs mandated by the state, reimbursement to local~~
20 ~~agencies and school districts for those costs shall be made pursuant~~
21 ~~to Part 7 (commencing with Section 17500) of Division 4 of Title~~
22 ~~2 of the Government Code. If the statewide cost of the claim for~~
23 ~~reimbursement does not exceed one million dollars (\$1,000,000),~~
24 ~~reimbursement shall be made from the State Mandates Claims~~
25 ~~Fund.~~

26 *SEC. 4. No reimbursement is required by this act pursuant to*
27 *Section 6 of Article XIII B of the California Constitution for*
28 *certain costs that may be incurred by a local agency or school*
29 *district because in that regard this act creates a new crime or*
30 *infraction, eliminates a crime or infraction, or changes the penalty*
31 *for a crime or infraction, within the meaning of Section 17556 of*
32 *the Government Code, or changes the definition of a crime within*
33 *the meaning of Section 6 of Article XIII B of the California*
34 *Constitution.*

35 *However, notwithstanding Section 17610 of the Government*
36 *Code, if the Commission on State Mandates determines that this*
37 *act contains other costs mandated by the state, reimbursement to*
38 *local agencies and school districts for those costs shall be made*
39 *pursuant to Part 7 (commencing with Section 17500) of Division*
40 *4 of Title 2 of the Government Code. If the statewide cost of the*

1 *claim for reimbursement does not exceed one million dollars*
2 *(\$1,000,000), reimbursement shall be made from the State*
3 *Mandates Claims Fund.*

4 SEC. 5. This act provides for a tax levy within the meaning of
5 Article IV of the Constitution and shall go into immediate effect.

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7 CORRECTIONS

8 **Text — Page 3.**

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